

# The Real Estate TRENDS

JUNE 30  
1947

A concise monthly digest of real estate and construction fundamentals and trends..... A part of the complete service known as the Real Estate Analyst Reports.

Volume XVI

Copyright 1947- by ROY WENZLICK & CO. - Saint Louis  
REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS

Number 29

## REAL ESTATE ACTIVITY

Since reaching an all-time peak of 86.1 per cent above the long-term computed normal in May 1946, real estate activity has stepped down slowly each month. The index reading for the month of May 1947, just one year after the peak, is 42.5. We have pointed out several times that this decline has been considerably slower than the rise and, though continuing to drop, real estate activity is still above the peak of the last boom.

## REAL ESTATE MORTGAGES

Although showing a very slight increase over the revised April reading of 11.9, the May index reading of 12.5 indicates that for the third successive month, real estate mortgage activity is running well behind 1946. In March 1947 the activity index was 3 points below March 1946. April 1947 was 8.5 points below April 1946, and May 1947 was 12.4 points below May 1946.

Real estate mortgage activity follows real estate activity rather closely and as real estate activity is expected to continue its slow decline, at least through 1947, we do not anticipate a real increase in mortgage activity during the balance of the year.

## CONSTRUCTION COSTS

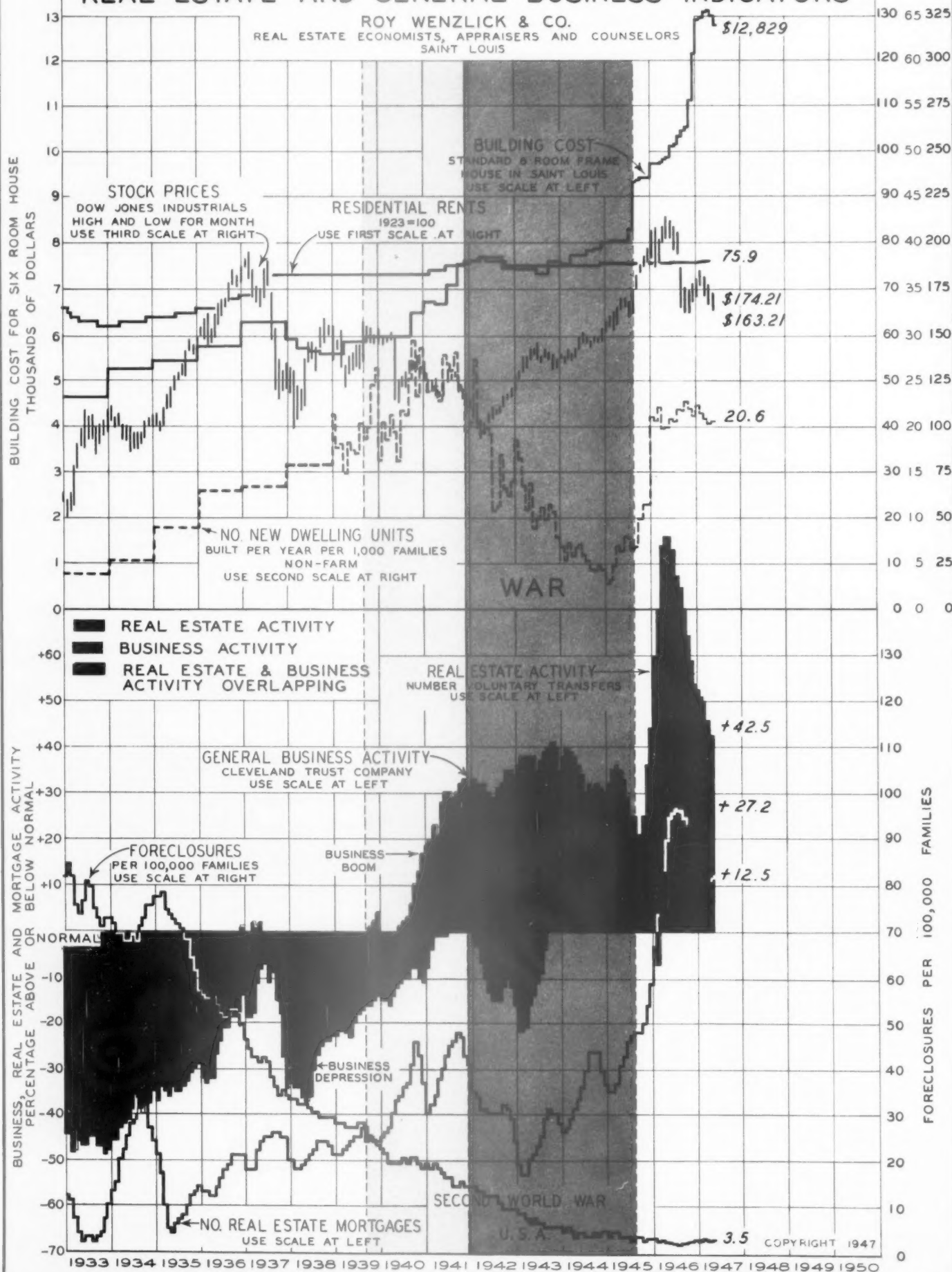
We feel that construction costs have at last passed the peak. Several times we have stated that the peak would be reached in the spring or summer of 1947. The first real break came, as many anticipated, in lumber prices. In April 1947 our standard six-room frame house reached its peak of \$13,170. In May it fell to \$13,029, and in June we record the second consecutive drop, to \$12,829. This drop of \$341 in 2 months is due almost entirely to the readjustment in lumber prices.

While it is rather risky to try to guess what new wage demands will be made by labor or how effective they will be, we are of the opinion that for the most part building trade wages are near their peak and will not rise enough to offset the continued drop in material costs. Therefore, we feel that construction costs are really on their way down.

We have shown on page 244 our cost figures on four types of residential property for 1939 and June 1947. The percentage of increase is given for each type of property, and we think that these percentages will not vary by too great an amount in the various parts of the United States. We intend to publish these figures on an up-to-the-minute basis several times a year.

# REAL ESTATE AND GENERAL BUSINESS INDICATORS

ROY WENZLICK & CO.  
REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS  
SAINT LOUIS



# BUILDING COSTS OF A STANDARD FIVE ROOM BRICK VENEER RESIDENCE BUILT IN ST. LOUIS



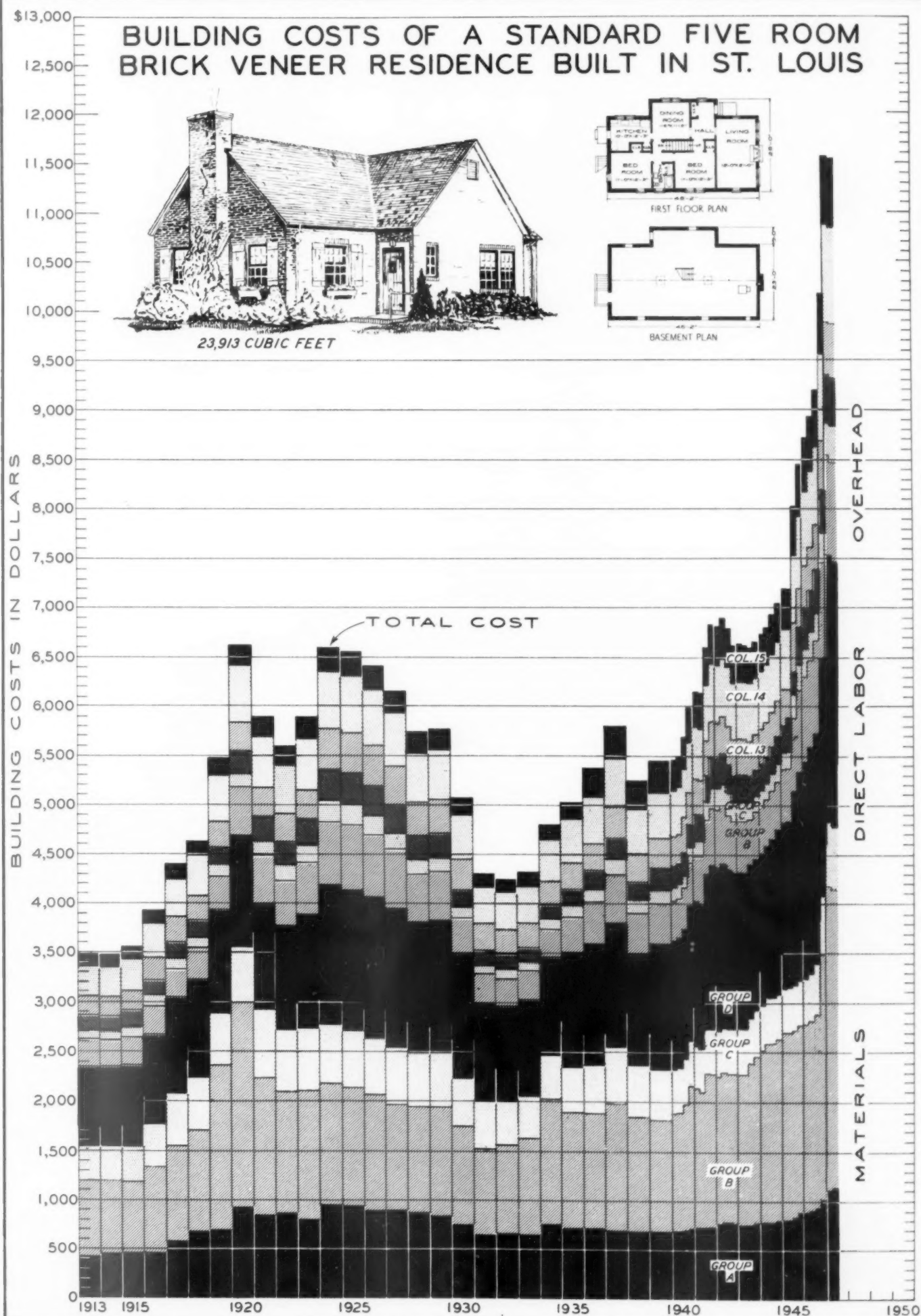
23,913 CUBIC FEET



FIRST FLOOR PLAN



BASEMENT PLAN





# BUILDING COSTS OF A STANDARD FIVE ROOM BRICK VENEER RESIDENCE BUILT IN ST. LOUIS

Costs are grouped into four classifications of material, four of labor and three of overhead. A further breakdown of these groups is given in detail below. Columns of the table are numbered, and a brief description of the items included in each is given in the paragraphs below. Paragraphs are numbered to correspond with the columns described. Building material costs are indicated by the letter M, corresponding labor items, in red by the letter L.

\*No labor items are shown in Column 10, Building Hardware, as they have already been included in Column 5, Millwork.

## Group A

- (1) Masonry: Cement, sand, gravel, quick lime, hydrated lime, hard wall plaster, face and common brick, fire brick, flue lining.
- (2) Tile Work: 4-1/4 x 4-1/4 wall tile, ceramic floor tile, cap and base.

## Group B

- (3) Unfinished Lumber: "H" columns, "I" beams, floor and ceiling joists, interior and exterior studs, rafters, bracing, etc.
- (4) Finished Lumber: Sub-flooring, sheathing, finished floors, asphalt shingle roofing, roofing felt, shutters, etc.
- (5) Millwork: Windows, doors, trim, kitchen cabinet, stairs.

## Group C

- (6) Heating: Furnace, blower, ducts, registers and metal work.

- (7) Plumbing: Soil pipes and connections, stack, water pipe and connections, lead oakum and bathroom fixtures, hot water heater and tank to be furnished by others.

## Group D

- (8) Sheet Metal: Galv. iron (present) gutters, downspouts, flashing.
- (9) Electrical Work: Main switch, BX cable, switch boxes, receptacles, transformer, etc. No fixtures included.
- (10) Nails and Hardware: Common and wire nails, bolts, damper, ash doors, finish hardware, bonding clips.
- (11) Painting: White lead, linseed oil, turpentine, varnish, shellac, filler.
- (12) Miscellaneous: Wood laths, corner bead, insulation.

## Total Material and Labor Costs

## Group E

- (13) Overhead and profit of subcontractors in plastering, metal work, heating, plumbing, electrical work and tile work.
- (14) General contractor's profit.
- (15) Missouri sales tax (now 2% on materials), old age and unemployment tax (Federal and State), liability and employees' compensation insurance, fire and tornado insurance, completion bond.
- (16) Total overhead, profit and other costs.

## TOTAL CONSTRUCTION COST

Year	GROUP A				GROUP B				GROUP C				GROUP D				GROUP E				TOTAL										
	(1)		(2)		(3)		(4)		(5)		(6)		(7)		(8)		(9)		(10)			(11)		(12)		Total		(13)	(14)	(15)	(16)
	M	L	M	L	M	L	M	L	M	L	M	L	M	L	M	L	M	L	M	L		M	L	M	L	M	L				
1913	\$397	\$577	\$15	\$5	\$280	\$98	\$242	\$81	\$272	\$87	\$122	\$18	\$224	\$87	\$65	\$14	\$36	\$38	\$68	\$24	\$46	\$30	\$37	\$1775	\$1088	\$192	\$305	\$122	\$619	\$3482	
1914	437	577	15	5	265	98	225	81	272	87	115	18	228	87	59	14	33	38	68	24	46	29	37	1770	1088	188	305	122	615	3473	
1915	445	577	15	5	263	105	202	88	255	95	129	19	245	92	66	15	38	41	71	25	55	26	39	1782	1131	201	311	125	637	3550	
1916	453	599	15	5	346	105	239	88	285	95	151	19	283	92	101	15	56	41	82	32	55	30	39	2073	1153	226	345	133	704	3930	
1917	559	638	16	6	389	106	275	88	312	95	206	19	314	96	108	15	60	43	92	41	55	35	39	2407	1199	255	386	143	784	4390	
1918	655	654	16	6	395	116	311	96	353	103	191	21	321	97	95	16	53	43	96	47	59	40	41	2573	1252	253	408	150	811	4636	
1919	769	708	16	6	551	124	554	103	575	111	192	23	324	102	83	18	46	45	94	48	64	71	44	3223	1347	256	483	169	908	5478	
1920	909	736	18	6	622	177	646	147	801	158	243	32	338	119	83	25	46	52	108	59	91	82	50	3955	1593	283	583	202	1058	6616	
1921	826	772	16	7	487	182	512	151	397	162	180	33	503	123	64	26	36	54	85	47	93	65	61	3218	1664	295	518	195	1008	5890	
1922	752	771	16	7	396	169	386	140	443	151	166	30	470	130	64	24	36	57	78	43	86	49	58	2999	1623	288	491	188	967	5554	
1923	783	844	16	8	445	195	437	162	424	173	194	35	442	146	70	28	39	64	85	43	100	56	69	3034	1824	299	516	205	1020	5878	
1924	749	995	201	135	427	238	428	198	379	191	196	43	397	176	64	34	36	78	86	53	122	54	82	3070	2292	412	577	245	1234	6596	
1925	744	994	201	135	412	244	403	203	364	218	191	44	398	164	68	35	38	72	83	56	125	51	83	3009	2317	410	574	246	1230	6556	
1926	695	994	201	135	417	233	420	193	334	208	182	43	396	156	69	35	38	69	82	54	119	51	76	2939	2260	404	560	240	1204	6403	
1927	697	994	201	135	390	221	398	184	275	198	179	40	396	129	67	32	37	52	82	51	114	49	76	2822	2175	392	539	231	1162	6159	
1928	696	917	168	123	430	179	361	148	290	159	168	32	377	120	71	26	40	52	82	47	91	44	62	2774	1909	343	503	208	1054	5737	
1929	693	917	149	123	425	179	390	148	294	159	169	32	376	120	82	26	46	52	83	49	91	47	62	2798	1909	349	506	208	1063	5770	
1930	594	727	149	123	394	131	370	110	243	118	161	24	337	91	71	19	39	39	75	49	68	163	47	2645	1497	313	445	172	930	5072	
1931	525	570	125	72	346	105	326	88	198	95	157	19	321	74	58	15	32	32	68	47	55	152	39	2355	1164	263	378	139	780	4299	
1932	547	570	112	65	297	105	386	88	221	95	146	19	288	74	50	15	28	32	67	42	55	152	39	2336	1157	243	374	138	755	4248	
1933	544	570	105	65	277	105	320	88	279	95	146	19	282	74	52	15	29	32	63	39	55	164	39	2400	1157	241	380	139	760	4317	
1934	657	570	98	65	452	105	427	88	388	95	152	19	293	74	55	15	31	32	68	39	55	170	39	2830	1157	246	423	147	816	4303	
1935	625	727	91	84	402	131	365	110	411	118	156	24	303	91	43	19	24	39	66	39	68	173	47	2698	1458	261	442	169	872	5028	
1936	623	794	91	84	380	155	370	127	385	136	161	27	315	106	50	21	28	45	66	41	77	168	52	2716	1624	279	462	305	1046	5386	
1937	609	818	91	84	415	181	425	149	453	153	212	56	348	111	54	26	30	45	69	45	82	172	52	2523	1757	315	498	326	1139	5819	
1938	500	696	83	84	359	153	343	125	447	128	204	46	319	103	47	22	26	45	69	42	68	168	41	2715	1511	290	451	289	1030	5256	
1939	608	833	83	97	370	155	359	128	402	137	207	48	291	105	49	22	27	45	68	44	85	144	57	2652	1712	301	467	310	1078	5442	
Ja 1940	609	853	83	97	399	152	371	129	419	127	215	50	228	106	58	21	32	45	69	45	73	144	62	2672	1715	294	468	311	1073	5460	
Ap 1940	609	853	83	97	405	152	359	129	439	127	215	50	231	106	63	21	35	45	69	47	73	144	62	2699	1715	301	472	313	1086	5500	
Ja 1940	609	853	83	97	410	152	359	129	439	127	215	50	231	106	63	21	35	45	69	49	73	144	62	2706	1715	301	489	313	1104	5524	
O 1940	609	852	114	108	505	157	444	131	486	128	215	50	244	127	63	21	31	45	70	51	73	153	71	2985	1763	319	507	330	1156	5904	
Ja 1941	621	886	114	108	503	176	450	147	488	142	218	56	210	132	60	23	28	45	73	52	82	153	79	2970	1976	364	531	355	1250	6196	
Ap 1941	591	974	126	108	480	176	413	147	481	142	218	56	217	124	60	23	28	50	75	52	102	153	79	2894	1981	324	520	352	1196	6071	
Ja 1941	611	1012	126	108	590	202	445	169	485	164	219	56	217	124	87	23	27	50	77	55	102	165	79	3104	2089	331	552	373	1256	6449	
O 1941	613	1095	126	108	608	219	439	183	507	178	219	90	230	143	100	36	33	56	85	56	114	170	79	3186	2301	356	584	402	1342	6829	
Ja 1942	613	1113	138	108	538	224	431	185	507	178	219	90	241	144	58	36	49	56	84	56	114	172	80	3106	2328	358	579	403	1340	6774	
Ap 1942	640	1113	138	108	541	224	451	185	525	178	219	90	235	144	58	36	51	56	84	58	114	171	80	3171	2328	358	586	405	1349	6848	
Ja 1942	640	1113	138	108	542	227	449	187	525	179	219	90	235	159	53	36	51	68	84	58	114	171	78	3165	2357	359	588	408	1355	6877	
O 1942	640	1051	128	108	539	201	457	167	525	160	218	90	235	124	53	36	51	51	84	58	102	171	74	3159	2164	347	567	385	1299	6622	
Ja 1943	640	1051	119	108	539	201	457	167	525	160	229	90	236	124	53	36	51	51	84	58	102	167	74	3158	2164	347	567	385	1299	6621	
Ap 1943	640	1051	119	108	539	201	457	167	525	160	227	90	236	124	53	36	51	51	83	58	102	167	74	3155	2164	346	567	385	1298	6617	
Ja 1943	640	981	119	125	539	184	457	151	525	143	227	84	236	124	53	33	51	50	84	58	102	167	74	3156	2051	347	555	371	1273	6480	
O 1943	640	981	119	125	626	184	540	151	525	143	227	56	236	124	53	24	51	50	84	58	102	179	74	3338	2014	340	569	373	1282	6634	
Ja 1944	640	981	138	125	626	184	593	151	529	143	226	56	236	124	53	24	51	50	84	58	102	179	74	3413	2014	347	577	376	1300	6727	
Ap 1944	640	981	138	125	659	184	618	151	529	143	226	56	236	124	53	24	51	50	84	58	102	179	74	3471	2014	347	583	378	1308	6793	
Ja 1944	640	981	138	125	659	184	618	151	538	143	226	56	236	124	53	24	51	50	84	58	102	179	74	3480							



More recent Department of Labor figures show **RESIDENTIAL CONSTRUCTION** that permanent nonfarm dwelling construction is running just about 1-1/2 per cent ahead of 1946. However, 1946 saw the erection of only 670,500 permanent new nonfarm dwelling units.

The figure of 778,400 previously quoted included temporary units torn down and re-erected at new sites. It still looks as if our January forecast of 600,000 units for 1947 will be far closer than the 1,000,000 or more forecast by the government.

## RESIDENTIAL RENTS

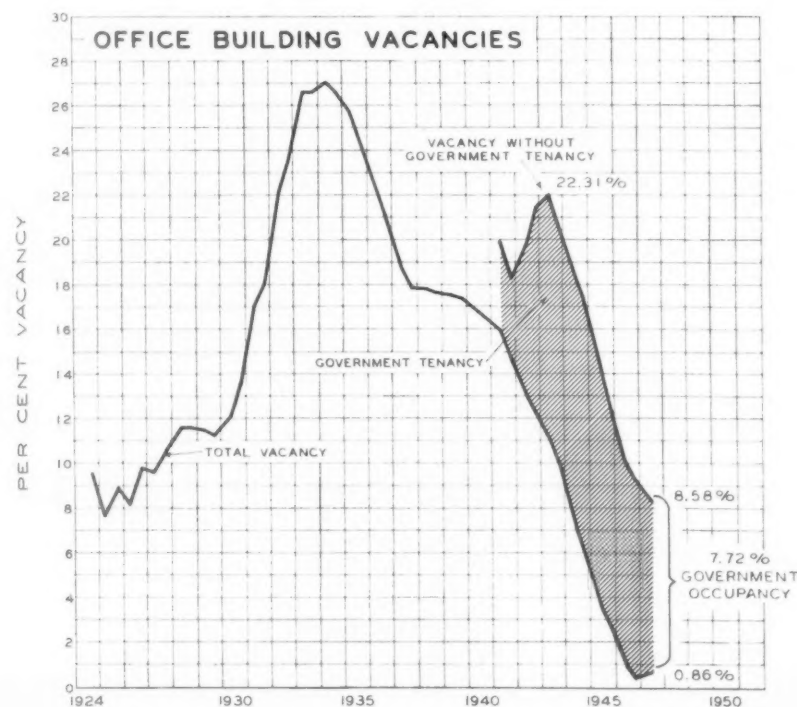
As a result of the new rent legislation, our index of residential rents will show a sizable increase within the next six months. We believe that most landlords and tenants will get together under the provisions of the Act on a lease through 1948 at not more than 15 per cent increase. In many cases, however, this will not increase the value of rental property, as higher rents have already been discounted in the prices for which rental residential property has been changing hands.

We believe that most property owners and managers are pretty well posted on contemplated or existing rent controls in their States or municipalities, but we feel that as Federal controls show signs of being abandoned by the end of 1948, it would be a good idea to brush up on State and local legislation.

For the first time since 1934 the office building **OFFICE BUILDING VACANCIES** vacancy index took a slight turn for the worse. Vacancy rose from 0.57 per cent to 0.86 per cent. Although this represents a slight increase in vacancy, occupancy by general business has increased.

In October 1944, government occupied 11.71 per cent of all of the office space in the United States. This has been shrinking, slowly at first, more rapidly in the recent past, until now it is down to 7.72 per cent. During the past few months the government has vacated 1.22 per cent of all office space, but total vacancy has increased by only 0.29 per cent.

Although the war has been over for 22 months, the government has given up only about one-third of the space it occupied during the peak of the war.





## FORECLOSURES

The foreclosure rate twitched slightly, from a reading of 3.3 to one of 3.5 foreclosures per hundred thousand families. There is nothing of any new significance in its behavior. It is, however, an excellent auxiliary barometer to use with the real estate activity index. When foreclosures start moving up in earnest, look out!

## BUSINESS CONDITIONS

The vetoing of the tax reduction bill will not be a business stimulant. Coming at a time when business activity has already started to show some signs of falling off, it may accelerate a drop in business late in the year. The fact that the much-talked-of recession has not yet taken place in many lines may cause many persons to gain optimism on the false assumption that the recession has been avoided, while probably it has only been delayed.

## STOCK MARKET

We still believe that the probability of further lows in the market exceeds the probability of any immediate sharp upturn.

## INCREASES IN BUILDING COSTS SINCE 1939

(SAINT LOUIS)

### 30-UNIT REINFORCED CONCRETE APARTMENT

Content: 303,534 cubic feet

Cost: 1939 - \$135,000, or 44.5¢ per cubic foot

Today - 255,966, or 84.4¢ per cubic foot

INCREASE OVER 1939 = 90%



### SIX-ROOM BRICK HOUSE WITH FRAME INTERIOR

Content: 23,100 cubic feet

Cost: 1939 - \$ 6,400, or 27.7¢ per cubic foot

Today - 13,100, or 56.5¢ per cubic foot

INCREASE OVER 1939 = 105%



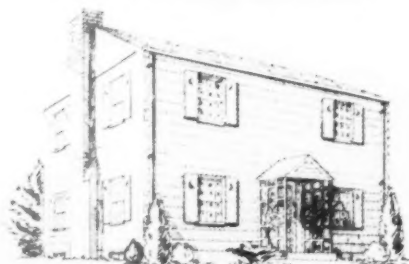
### SIX-ROOM FRAME HOUSE

Content: 25,376 cubic feet

Cost: 1939 - \$ 5,894, or 23.2¢ per cubic foot

Today - 12,829, or 50.6¢ per cubic foot

INCREASE OVER 1939 = 118%



### FIVE-ROOM BRICK VENEER HOUSE

Content: 23,913 cubic feet

Cost: 1939 - \$ 5,440, or 22.7¢ per cubic foot

Today - 11,348, or 47.5¢ per cubic foot

INCREASE OVER 1939 = 109%

